

Date: Wednesday, April 8 2020 05:44 PM  
Subject: RE: Deferrals  
From: Paul Sheridan  
To: Gerald Ma (CKH) <gerald.ma@ckah.com>;  
CC: Francis Lee <francis.lee@ckah.com>; Lillian Kiang <lillian.kiang@ckah.com>;

Hi all,

A quick update on the situation with Frontier. They will formally ask Airbus for a deferral this week. I spoke with the CFO again yesterday to reiterate that our aim at this stage is to find a way to work with them to get the deliveries deferred and that since between us, Frontier and Airbus one of the three has to take the hit, our aim was to make sure that would be Airbus. I said that I wouldn't tell him at this stage what we would do if that didn't happen because I think that it would require a board approval for us to walk away.

They are not arguing against us but are understandably worried about being in a default position with Airbus. Indigo Partners hasn't entered the conversation yet but he expects this to happen soon. In the meantime he asked for us to do the deferral on a month by month basis (they are also conscious that they don't want to be in default with us). Since the next delivery isn't going to be in April now that the Mobile plant is shut I think we can agree to this and give them a bit more time to work with Airbus.

Thanks,

Paul

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**From:** Paul Sheridan  
**Sent:** 07 April 2020 08:11  
**To:** Gerald Ma (CKH) <gerald.ma@ckah.com>  
**Cc:** Francis Lee <francis.lee@ckah.com>; Lillian Kiang <lillian.kiang@ckah.com>  
**Subject:** Re: Deferrals

Not quite a full answer but we haven't found anyone who definitively will take deliveries unless they are really forced into it. Robert Fanning from Frontier said he was still working on someone who could take the earlier deliveries. He hadn't received a no yet (nor a yes though).

On 7 Apr 2020, at 01:19, Gerald Ma (CBD) <[gerald.ma@ckah.com](mailto:gerald.ma@ckah.com)> wrote:

Thanks Paul! Have you managed to find the answer to my questions? Like anyone in the world taking deliveries? Or anyone taking deliveries from frontier?

We really cannot.

Gerald  
[gerald.ma@ckah.com](mailto:gerald.ma@ckah.com)

On 7 Apr 2020, at 5:11 AM, Paul Sheridan <[paul.sheridan@amck.aero](mailto:paul.sheridan@amck.aero)> wrote:

To catch you up: they are talking with Airbus and with other financiers for the upcoming deliveries. To give us a bit of time to reach an amicable agreement we extended them a grace period of 10 working days on non-payment of rents. This isn't a rolling 10 days but starts from today. So the rents they are due to pay on Friday will have a shorter grace period.

Begin forwarded message:

**From:** "Dempsey, Jimmy" <[Jimmy.Dempsey@flyfrontier.com](mailto:Jimmy.Dempsey@flyfrontier.com)>  
**Date:** 6 April 2020 at 21:37:49 IST  
**To:** Paul Sheridan <[paul.sheridan@amck.aero](mailto:paul.sheridan@amck.aero)>  
**Cc:** "Fanning, Robert" <[robert.fanning@flyfrontier.com](mailto:robert.fanning@flyfrontier.com)>, "Thwaytes, Spencer" <[Spencer.Thwaytes@flyfrontier.com](mailto:Spencer.Thwaytes@flyfrontier.com)>, Jane O'Callaghan <[jane.ocallaghan@amck.aero](mailto:jane.ocallaghan@amck.aero)>  
**Subject: Re: Deferrals**

Hi Paul

I appreciate this. As you know this will continue to be a challenge with Airbus and I would hope that you reconsider your position on financing.

Let's catch up tomorrow.

Regards  
Jimmy

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**From:** Paul Sheridan <[paul.sheridan@amck.aero](mailto:paul.sheridan@amck.aero)>  
**Sent:** Monday, April 6, 2020 1:58:56 PM  
**To:** Dempsey, Jimmy <[Jimmy.Dempsey@flyfrontier.com](mailto:Jimmy.Dempsey@flyfrontier.com)>  
**Cc:** Fanning, Robert <[robert.fanning@flyfrontier.com](mailto:robert.fanning@flyfrontier.com)>; Thwaytes, Spencer <[Spencer.Thwaytes@flyfrontier.com](mailto:Spencer.Thwaytes@flyfrontier.com)>; Jane O'Callaghan <[jane.ocallaghan@amck.aero](mailto:jane.ocallaghan@amck.aero)>  
**Subject: Re: Deferrals**

Hi Jimmy,

We just got off the phone with Robert and so I would like to confirm what we discussed. Mindful of the time it might take you to reach agreement with Airbus or to make some other arrangements and therefore of the ability for us to reach a deferral agreement, we can confirm that we won't take any actions or call any defaults linked to non payment of rents on any aircraft where the rent is due from today to 21 April (ie, for the next 10 working days).

Thanks,

Paul

On 6 Apr 2020, at 19:05, Dempsey, Jimmy <[Jimmy.Dempsey@flyfrontier.com](mailto:Jimmy.Dempsey@flyfrontier.com)> wrote:

Hi Paul

Are you available for a call ASAP? Airbus has closed Mobile until April 29th. I am keen to get the deferral in place and am conscious that we have 2X rent payments today that we really need to defer.

Jimmy

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**From:** Dempsey, Jimmy <[Jimmy.Dempsey@flyfrontier.com](mailto:Jimmy.Dempsey@flyfrontier.com)>  
**Sent:** Monday, April 6, 2020 7:55:16 AM  
**To:** Paul Sheridan <[paul.sheridan@amck.aero](mailto:paul.sheridan@amck.aero)>  
**Cc:** Fanning, Robert <[robert.fanning@flyfrontier.com](mailto:robert.fanning@flyfrontier.com)>; Thwaytes, Spencer <[Spencer.Thwaytes@flyfrontier.com](mailto:Spencer.Thwaytes@flyfrontier.com)>; Jane O'Callaghan <[jane.ocallaghan@amck.aero](mailto:jane.ocallaghan@amck.aero)>  
**Subject: Re: Deferrals**

Hi Paul

This is very disappointing news. My reading of your email assumes that you will only agree the rent deferral if we defer aircraft deliveries with Airbus? As a result, I can only deduce that you will finance the aircraft deliveries and honour your commitment to Frontier if we do not put a rent deferral in place.

This is a very disappointing outcome.

As a backdrop, I have spoken to Airbus about your request and their immediate reaction has been to threaten Frontier with default. This is also not a very palatable event for you or us.

Please do reconsider your position.

Jimmy

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**From:** Paul Sheridan <[paul.sheridan@amck.aero](mailto:paul.sheridan@amck.aero)>

**Sent:** Friday, April 3, 2020 9:23:37 AM

**To:** Dempsey, Jimmy <[Jimmy.Dempsey@flyfrontier.com](mailto:Jimmy.Dempsey@flyfrontier.com)>

**Cc:** Fanning, Robert <[robert.fanning@flyfrontier.com](mailto:robert.fanning@flyfrontier.com)>; Thwaytes, Spencer <[Spencer.Thwaytes@flyfrontier.com](mailto:Spencer.Thwaytes@flyfrontier.com)>; Jane O'Callaghan <[jane.ocallaghan@amck.aero](mailto:jane.ocallaghan@amck.aero)>

**Subject:** Deferrals

Dear Jimmy,

We have discussed the upcoming 5 A320neo deliveries further with our shareholder overnight.

Unfortunately their position has not changed. We have been authorised to grant you the 3 months' rent deferral requested, on 14 of the 15 aircraft leased by AMCK (excluding the A320neo delivered on 16<sup>th</sup> March), with repayment over the subsequent 4 months (at 6% interest), but strictly on the basis that we suspend the SLB for six months, by when we hope the market to return to more normal conditions.

As mentioned yesterday we are hearing on a daily basis that many airlines and lessors have agreed deferrals (and in some cases cancellations) and indeed Airbus has just today alluded to cutting its production in order to avoid a glut of undelivered aircraft.

We feel that a deferral of our SLB commitment till Frontier is the prudent course of action and hope that we can work with you on this basis to implement the much needed rent deferrals. While we are one step removed from the front line of the crisis, we have to manage both our cash position and our bank facilities and associated covenants and these tie our hands in what we can do in total.

Kind regards,

Paul

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Paul Sheridan | Chief Executive Officer

M: +353 86 026 1310

[<image001.png>](#)

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